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CUMONT

THIRD ANNUAL REPORT 1967

CUMONT MINES LIMITED (N.P.L.)



CUMONT MINES LIMITED (N.P.L.)

Head Office: Suite 302, 550 Burrard Street, Vancouver 1, British Columbia

Toronto Office: Suite 915, 25 Adelaide St. East, Toronto 1, Ontario

Exploration Office: P.O. Box 724, Princeton, British Columbia

OFFICERS

J. A. Harquail
J. A. Brusset
J. J. Brown, C.A.

President
Vice-President
Secretary-Treasurer

DIRECTORS

J. J. Brown
J. A. Brusset
J. A. Downing
J. A. Harquail
S. Wisebrot

Vancouver
Vancouver
Calgary
Toronto
Toronto

CONSULTANTS

Engineering: Surveymin Limited
Geological: R. H. Seraphim, Ph.D., P.Eng.

Vancouver
Vancouver

AUDITORS

McDonald, Currie & Co.

Vancouver

BANKERS

Canadian Imperial Bank of Commerce

Vancouver

SOLICITORS

Lawrence, Shaw, Stewart & McLoughlin

Vancouver

REGISTRAR AND TRANSFER AGENT

Guaranty Trust Company of Canada

Vancouver

SHARES LISTED

Vancouver Stock Exchange

Vancouver

ANNUAL MEETING

Hotel Vancouver, Alouette Room, 11 a.m., Wednesday, July 3, 1968.



J. A. Harquail,
President

REPORT OF THE DIRECTORS

To the Shareholders:

Your directors are pleased to present the third annual report of the company which also includes financial statements for the year ended December 31, 1967.

Several events have taken place during the past year which reflect the high interest in the Copper Mountain region and its mineral potential.

Your directors received a proposal early this year to exchange certain of Cumont's claims for those owned by a neighbouring company. Under the proposal, Cumont would have retained a royalty on any ore mined from its claims. Careful consideration was given to this offer but your directors decided that the Cumont claims in question were a valuable asset and should be retained.

Late last year Newmont Mining Corporation purchased all of the Granby properties in the Copper Mountain area for the equivalent of \$11.5 million. Since that time Newmont has spent about \$2 million on a large-scale surface and underground exploration program, with up to 15 drills in operation at one time. It is expected that Newmont will make a decision regarding production on completion of their present exploration program.

Your directors believe that Cumont's properties are becoming even more valuable at a result of the surface and underground developments on Newmont's property. Developments at Newmont's Ingerbelle Mine may have an important bearing on our Elephant and Honeysuckle areas.

Discussions are now in progress regarding future financing and we hope to report terms of this financing to you in the near future.

EXPLORATION PROGRAM

Surface exploration was done on Cumont's Copper Mountain properties during 1967. Surface trenching and sampling of the Oronoco Zone returned interesting copper values over substantial widths. It is possible that this is a faulted extension of the Honeysuckle Zone. A map, showing the location of mineralized zones and property boundaries, accompanies this report.

Exploration is now in progress on various parts of the Cumont holdings. It consists of detailed geological, geochemical and geophysical surveys with work being concentrated in the Elephant and No. 14 Shaft areas.

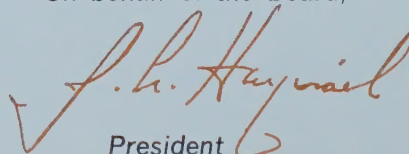
An interesting development is the recent discovery of copper mineralization on Cumont ground between the Honeysuckle Zone and the Ingerbelle adit portal. It is not possible to assess the importance of this discovery until more work is completed here.

Present plans are to expand the exploration program and to undertake surface drilling later this year.

* * *

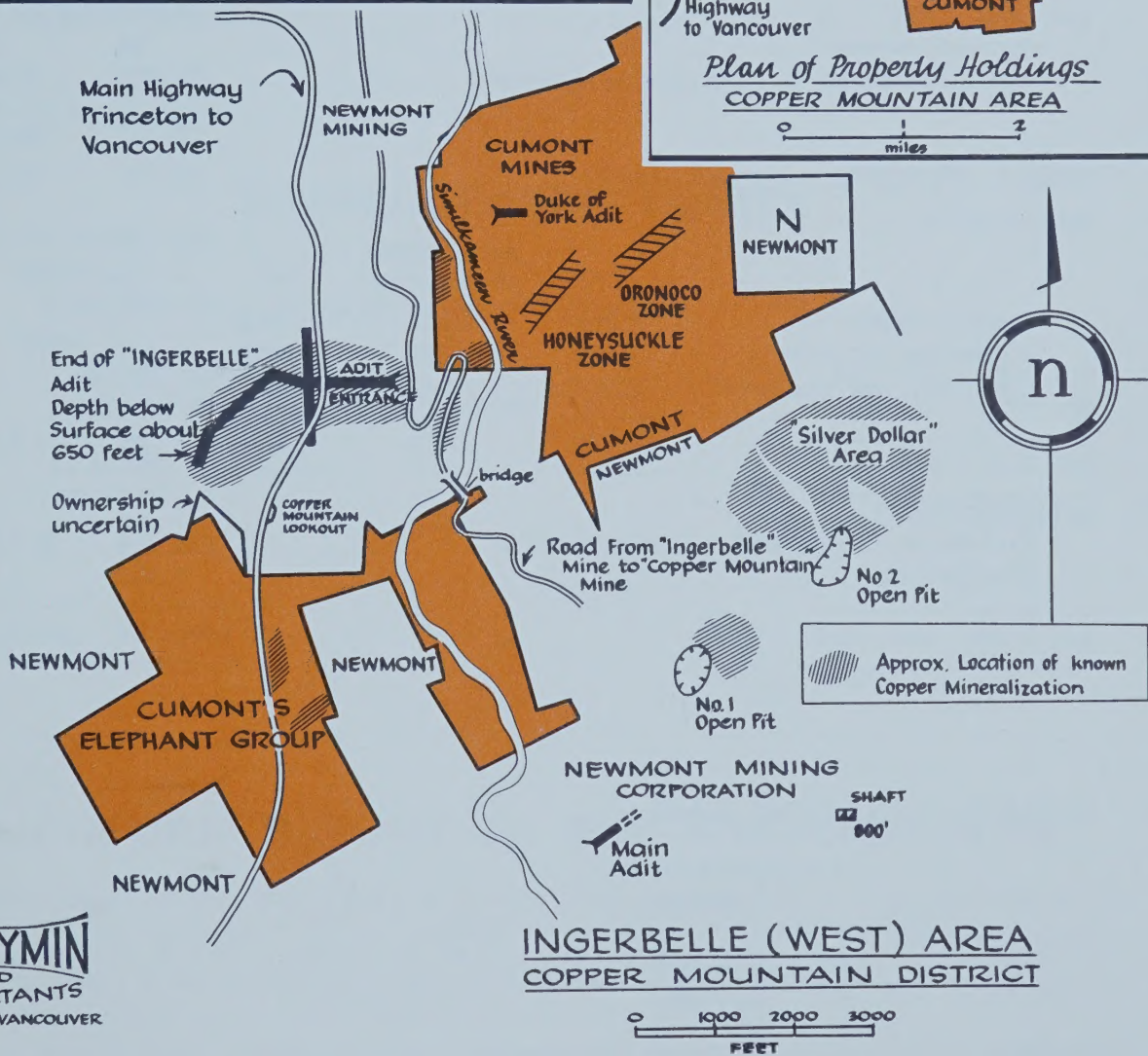
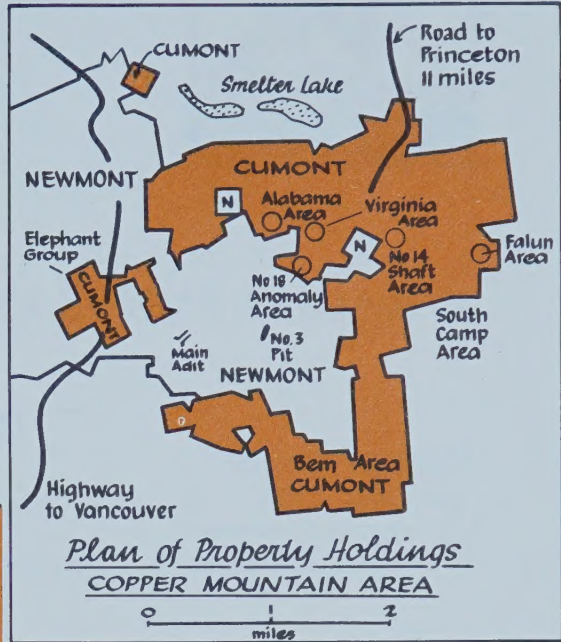
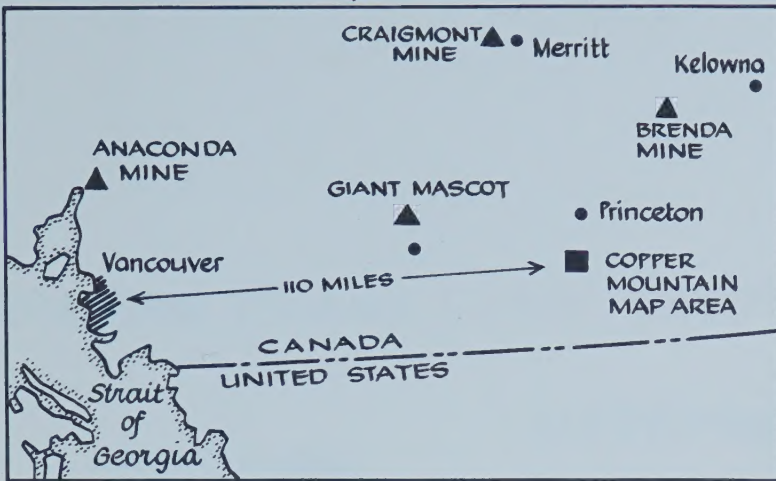
We wish to report the death earlier this year of Miss Patricia Ravey, one of the founders and a major shareholder of your company. Her father, one of the pioneers in the Copper Mountain camp, worked with Voight and other early prospectors. Following her father's death, Miss Ravey attempted to interest mining companies in the extensive holdings which her father had entrusted to her. It is unfortunate that Miss Ravey did not live to enjoy the fruits of her many years of persistent effort. She believed that Copper Mountain would eventually develop several producing mines. We wish to express to the members of her immediate family our sincerest sympathy.

On behalf of the Board,


President

Vancouver, B.C.
June 11, 1968

General Location Map



SURVEYMIN
LTD
CONSULTANTS
TORONTO - VANCOUVER

CUMONT MINES LIMITED (N.P.L.)

550 BURRARD ST, VANCOUVER I. B.C.

JUNE 68



CUMONT MINES LIMITED (N.P.L.) BALANCE SHEET AS AT D

ASSETS

CURRENT ASSETS		1967	1966
Cash		\$ 38,243	\$ 60,705
Accrued interest		94	445
Marketable securities — at cost and market		35,000	75,000
		<u>73,337</u>	<u>136,150</u>
MINERAL PROPERTIES — at cost (note 1)		90,711	90,711
FIXED ASSETS			
	Cost	Accumulated depreciation	Net
Camp buildings	4,267	2,101	2,166
Automotive equipment	3,099	1,597	1,502
Machinery and equipment	2,973	1,360	1,613
	<u>10,339</u>	<u>5,058</u>	<u>5,281</u>
		5,281	7,544
DEFERRED COSTS			
Exploration, development and administration		232,864	207,187
Incorporation		1,350	1,350
		<u>\$403,543</u>	<u>\$442,942</u>

SIGNED ON BEHALF OF THE BOARD

J. A. HARQUAIL
Director

JOHN J. BROWN
Director

MBER 31, 1967

LIABILITIES

CURRENT LIABILITIES	1967	1966
Accounts payable	\$ 788	\$ 44,547

SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 2)		
Authorized —		
3,000,000 shares of the par value of 50 cents each		
Issued —		
982,980 shares for cash	322,755	318,395
800,000 shares for mineral properties	80,000	80,000
<u>1,782,980</u>	<u>402,755</u>	<u>398,395</u>
	<u>\$403,543</u>	<u>\$442,942</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Cumont Mines Limited (N.P.L.) as at December 31, 1967, and the statements of deferred exploration, development and administration costs and source and use of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1967 and the results of its operations and the source and use of its working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Vancouver, B.C.
March 21, 1968

McDONALD, CURRIE & CO.
Chartered Accountants



CUMONT MINES LIMITED (N.P.L.)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 1967

1. MINERAL PROPERTIES

The company acquired the Copper Mountain Group of mineral claims and leases located in the Similkameen Mining Division of the Province of British Columbia for cash payments of \$10,711 and 800,000 shares of capital stock of the company having a value ascribed thereto \$80,000. The company must pay to Cominco five percent of the net smelter returns on the ore extracted from a portion of the claims.

2. CAPITAL STOCK

(a) Shares issued and their related discounts and premiums are classified as follows:

For cash —

	<i>Shares issued</i>	<i>Par value</i>	<i>Discounts</i>	<i>Premiums</i>	<i>Net</i>
To December 31, 1966	\$962,980	\$481,490	\$254,690	\$ 91,595	\$318,395
During 1967	20,000	10,000	5,640		4,360
	<u>982,980</u>	<u>491,490</u>	<u>260,330</u>	<u>91,595</u>	<u>322,755</u>

For properties —

To December 31, 1966	800,000	400,000	320,000		80,000
	<u>\$1,782,980</u>	<u>\$891,490</u>	<u>\$580,330</u>	<u>\$ 91,595</u>	<u>\$402,755</u>

(b) The company has reserved 50,000 treasury shares for the purpose of granting incentive options to company personnel including officers and directors. A price of 25% less than the current bid price on the day on which the options are exercised has been set on these shares. The options are to expire December 31, 1968. As at December 31, 1967, there were 20,000 shares still held in reserve.

3. DIRECTORS' REMUNERATION

During the period \$12,000 was paid to directors and to companies controlled by them, for their services as consultants and employees of the company.



CUMONT MINES LIMITED (N.P.L.)

STATEMENT OF SOURCE AND USE OF WORKING CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 1967

March 10, 1965
(Date of incorporation)
to

	1967	December 31, 1966
SOURCE		
Capital stock issued	\$ 4,360	\$313,098
USE		
Exploration, development and administration expenses	25,677	207,187
Less: Items included in costs which are not a use of working capital —		
Depreciation	(2,263)	(2,795)
Expenses incurred prior to incorporation paid by issue of shares		(5,297)
	23,414	199,095
Fixed asset additions		10,339
Mineral properties acquired		10,711
Incorporation expense		1,350
	23,414	221,495
DECREASE (INCREASE) IN WORKING CAPITAL	19,054	(91,603)
WORKING CAPITAL — BEGINNING OF PERIOD	91,603	Nil
WORKING CAPITAL — END OF PERIOD	72,549	91,603
REPRESENTED BY:		
Current assets	73,337	136,150
Less: Current liabilities	788	44,547
WORKING CAPITAL — END OF PERIOD	\$ 72,549	\$ 91,603

STATEMENT OF DEFERRED EXPLORATION, DEVELOPMENT AND ADMINISTRATION COSTS

TO DECEMBER 31, 1967

(Copper Mountain Group)

March 10, 1965
(Date of incorporation)
to

1967 December 31, 1966

BALANCE — BEGINNING OF PERIOD	\$207,187	Nil
Expenses incurred prior to incorporation		\$ 5,297
Assaying	210	3,983
Assessment work and recording fees	3,287	
Automotive equipment operation	332	1,794
Contract surveying		460
Cookhouse and camp supplies	70	7,053
Consulting and engineering	8	7,079
Depreciation	2,263	2,795
Drilling	(2,956)	81,268
Equipment rental and storage	278	2,420
Field administration fees	1,200	3,600
Field management and consulting	1,750	14,445
Geophysical survey		7,028
Insurance		276
Licences and taxes	537	1,379
Line cutting		9,495
Maps and blueprints	1,228	1,161
Mineral lease rentals	546	982
Prospecting and field expense		2,397
Wages and wage assessments	766	16,397
Stripping, trenching and bulldozing	2,685	9,951
Travel		4,471
	12,204	183,731
Administration costs — per schedule	13,473	23,456
Total expenses during period	25,677	207,187
BALANCE — END OF PERIOD	\$232,864	\$207,187

SCHEDULE OF ADMINISTRATION EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1967

March 10, 1965
(Date of incorporation)
to

1967 December 31, 1966

Audit	\$ 495	\$ 1,370
Bank charges and interest	4	67
Consulting and management fees	8,125	8,570
Directors' meetings and expense	74	128
Dues and subscriptions	25	1,010
Legal fees	608	2,919
Office administration fees	3,600	3,820
Postage	57	88
Printing, stationery and office supplies	124	863
Promotion and advertising	118	319
Registrar and transfer agent	334	781
Shareholders' information and reports	1,394	4,336
Telephone and telegraph	566	1,177
Travel	1,834	4,348
	17,358	29,796
Less: Interest earned on investments	3,885	6,340
TOTAL, transferred to deferred costs	\$ 13,473	\$ 23,456

